P & R Information Management Office

FYDP Improvement

USMC PPBS Process Improvements

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Introduction

- This brief provides performance improvement recommendations in the following two PPBS areas:

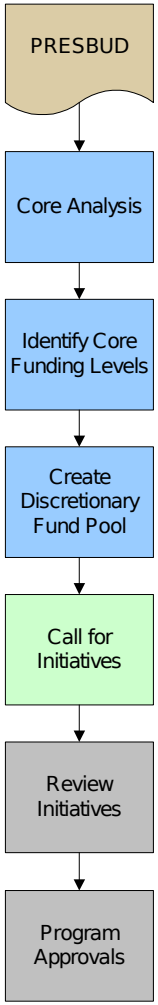
  1. USMC Core and POM Development Process

  2. Concurrent POM-Budget development

- Performance improvement recommendations are presented in the following format
  - As-Is Process
  - Problems with As-Is
  - Proposed To-Be Process
  - Changes Between As-Is and To-Be
  - Benefits

1. USMC Core and POM Development Process

As-Is USMC Core Process



- Core analysis generates a pool of discretionary funds from previously approved and justified funding levels
- Core funding levels:
  - Set below the lowest anticipated fiscal guidance
  - May not fully fund all programmed requirements
  - Are not meant to portray a strategic plan or reflect a balanced program
  - Not intended to be a final funding level
- Initiatives are submitted and compete for the available discretionary funds
  - Initiatives consist of “New” programs and programs that are trying to regain or increase funding from the core level
- Initiatives are then reviewed and approved as part of the USMC POM

Problems with the Core Process

- Core process artificially offsets approved funding levels in order to create a discretionary pool of funds to support programs that have yet to be identified
- Core process forces a re-justification of prior justified, reviewed, and approved programs
- Initiatives include not only new program costs but also attempts to recoup funds that may have been removed from Core
  - True cost of new initiatives is blurred
- A large number of initiatives are generated
- RPD resources are more focused on supporting the Core process than on interpreting and providing programming guidance
- Inaccurate, confusing audit trail of changes to program

What is the Purpose of Core?

- The President's budget represents the USMC's most thoroughly justified program at that point in time
- What then is the purpose of Core?

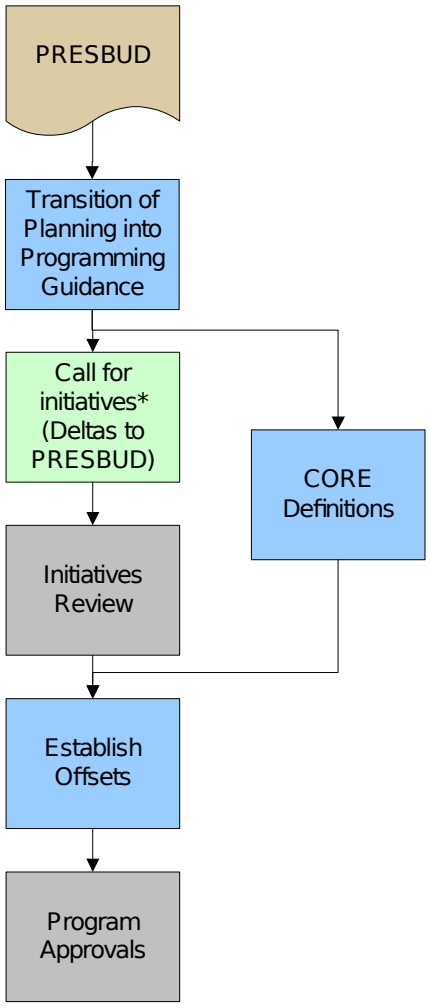
1. To identify programs that should not be considered for offsets (i.e. utilities)

OR

2. To act as a process for forcing approved programs to re-compete for limited funding (those programs outside of Core)

- If #2, the current Core process blurs the distinction between new initiatives and the re-justification of funding lost when Core was set

Proposed To-Be USMC Core Process



- RPD focuses on the transitioning of planning guidance into programming guidance
- New initiatives for funding above the PRESBUD baseline are submitted to RPD
  - Each new initiative is rated based on its alignment with new guidance and strategy (DPG, CMC)
  - RPD focuses on identifying changes to required capabilities and which initiatives support those changes
- The Core identifies whole programs that are not to be used as offsets
  - Core definition can be completed in parallel with initiatives submission and review
- Offsets are identified from Non-Core programs to specifically fund approved initiatives
  - Sponsors can recommend offsets but only from within their area of responsibility

Changes between As-Is and To-Be

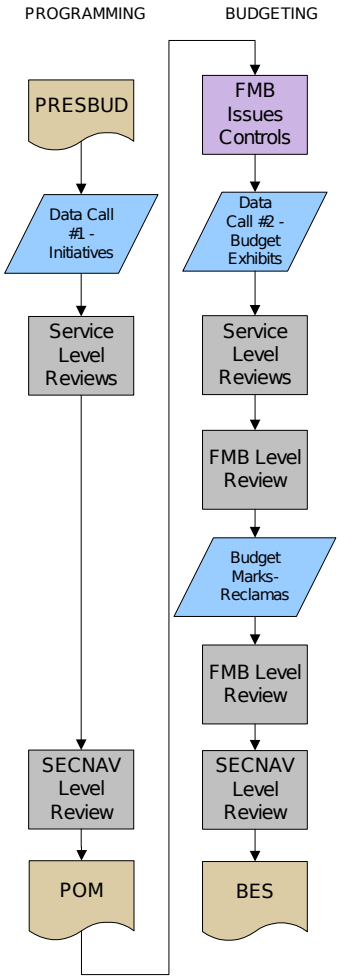
- RPD focuses on transitioning planning guidance into programming guidance and initiatives, and setting overall programmatic direction and theme
- To-Be Core analysis will set aside whole programs for protection or exposure. It will not "sub-fund" pieces of a program
  - Significantly reduces core setting workload
- A discretionary pool of funds will not be created (similar to PR Year)
- The call for new initiatives will only be open to programs that are not currently funded or require additional funding
- Offsets will be determined when new initiatives have been identified and selected for inclusion in the POM

Benefits

- Provides an accurate audit trail by justifying the changes to the PRESBUD
  - Funding of new programs directly traded against identified offsets
- Allows RPD to focus on programming guidance and setting programmatic theme for POM initiatives to support
- Core becomes a management tool to identify whole programs that are not acceptable to be used as offsets
- Reduces the time involved in the POM process
  - Reduction in the number of new initiatives
  - Reduction in the time for reviews
  - Reduction in time and effort for core setting
- Programs that were not included in the core will not have to re-justify their funding
- Reduces the amount of resources required to examine new initiatives

2. Concurrent POM-Budget Development

As-Is POM-Budget Processes

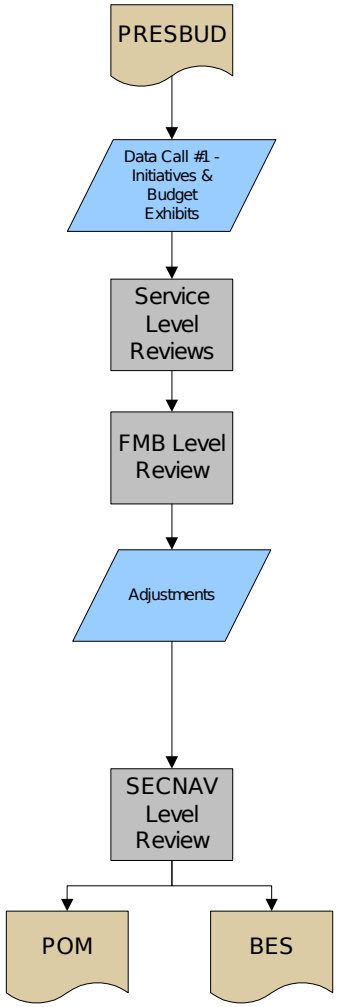


- Two data calls are issued to the field
  - Programming sends out a data call for new initiatives
  - Budgeting sends out a data call for budget exhibits
- Redundant levels of reviews are performed in both Programming and Budgeting phases
  - Programming - Service and SECNAV level reviews
  - Budgeting - Service, FMB, and SECNAV reviews
- Both the POM and BES are developed independently from different perspectives yet are built around the same programs
  - Programming develops a POM from a programmatic point of view
  - Budgeting submits a BES from a budgeting point of view, the POM is used primarily to establish controls and budget guidance

Problems with Current Process

- Redundant reviews of the same issues in both the Program and Budget development phases
  - Issues are reviewed first from a Program perspective then months later from a Budget perspective
- Adversarial relationship between Programming and Budgeting leads to poor information sharing
- Program-Budget cycle examines entire budget each year regardless of what has actually changed from last position
  - Calendar driven not event driven
- Program and Budget development process viewed as two separate processes supported by multiple separate organizations and information systems
- PPBS is a single budgeting process that has been disintegrated into multiple separate processes and organizations to achieve a single product set
  - Prior DoD budgeting included line item, zero based, and performance budgeting

To-Be POM-Budget Process



- The PRESBUD is the baseline for the development of the next POM-BES
- Combined data call requests program data (initiatives) and budgeting data (exhibits) at the same time
- The Service Level reviews (USN & USMC) decide which new initiatives to program and fund
  - These reviews include both programming and budgeting personnel
- FMB is involved early in the process to examine programs for executability, phasing, pricing, and to provide feedback to the Service Level reviews
- SECNAV Level reviews occur once per cycle to examine issues from both a program and budget perspective
- POM and BES are submitted to OSD concurrently

Changes between As-Is and To-Be

- Involve Service budget analysts and FMB analysts early in the process
  - Use their expertise to identify offsets, price correctly, and review program executability
- Review issues only once at each level
  - Issues will be examined from both a program and budget perspective at the same time
- Focus is on what has changed incrementally from last point in the budget cycle, not on the entire budget (not to preclude pricing adjustments)
- Programmers and budget personnel participate together in resolving program issues and identifying offsets to build strong programs
- Promulgated decisions are endorsed by both programmers and budget personnel at each level of review
- Collaboration between programmers and budget personnel allows fully coordinated decisions to be made as early in the process as possible

Benefits

- Substantially reduce the amount of time and resources required to develop and review the Program and Budget
- Coordinate Program and Budget reviews, thereby eliminating redundant reviews of the same issues
- Improve communication between Programming and Budgeting
- More time focused on managing the dynamic portion of the budget
- Budgeting role shifts from a focus on meeting numbers to a focus on meeting strategic objectives
  - FMB role expands from compliance monitor to facilitator and business partner
- Builds a balanced and approved program/budget once not twice
- Single submission of data at a single point in time